

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER  
(D/B/A NORTHWEST IOWA YOUTH EMERGENCY SERVICES CENTER)

INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2009 AND 2008

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NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Ken Chalstrom	Chairperson	Clay County
Jim Jenson	Vice-Chairperson	Emmet County
Joe Cronin	Member	Ida County
Jack Bensley	Member	Sac County
Craig Block	Member	Lyon County
Denny Wright	Member	Sioux County
Louis Stauter	Member	Pocahontas County
Mardi Allen	Member	Dickinson County
Eugene Meiners	Member	Carroll County
John Haack	Member	O'Brien County
Dan Muhlbauer	Member	Crawford County
Ken Hach	Member	Buena Vista County
Don Kass	Member	Plymouth County
Larry Prunty	Member	Cherokee County
Cheryl McGrory	Director	
Karla Lundy	Assistant Director	

HUNZELMAN, PUTZIER & CO., PLC  
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.  
RICHARD R. MOORE, C.P.A.  
WESLEY E. STILLE, C.P.A. (RETIRED)  
KENNETH A. PUTZIER, C.P.A. (RETIRED)  
W.J. HUNZELMAN, C.P.A. 1921-1997

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Independent Auditor's Report

To the Board of Directors of the Northwest Iowa  
Multicounty Regional Juvenile Detention Center:

We have audited the accompanying balance sheets of Northwest Iowa Multicounty Regional Juvenile Detention Center as of and for the years ended June 30, 2009 and 2008, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Iowa Multicounty Regional Juvenile Detention Center as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2010, on our consideration of Northwest Iowa Multicounty Regional Juvenile Detention Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 5 through 8 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

March 5, 2010

*Hunzelman, Putzier & Co.*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Northwest Iowa Multicounty Regional Juvenile Detention Center provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2009 and 2008. We encourage readers to consider this information in conjunction with the Center's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

The Center's operating revenues decreased 3.5%, or \$28,375, from fiscal 2008 to fiscal 2009.

The Center's operating expenses were 11.5%, or \$95,528, more in fiscal 2009 than in fiscal 2008.

The Center's net assets decreased 25.9%, or \$139,367, from June 30, 2008, to June 30, 2009.

### USING THIS ANNUAL REPORT

Northwest Iowa Multicounty Regional Juvenile Detention Center is a single Enterprise Fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to Northwest Iowa Multicounty Regional Juvenile Detention Center's financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the financial statements and provides an analytical overview of the Center's financial activities.

The Balance Sheet presents information on the Center's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

The Statement of Operations and Changes in Net Assets presents information on the Center's operating revenues and expenses, non-operating revenues and expenses, and whether the Center's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Center's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Center financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements.

## FINANCIAL ANALYSIS OF THE CENTER

### Condensed Balance Sheet

As noted earlier, net assets may serve over time as a useful indicator of the Center's financial position. The Center's net assets for fiscal 2009 totaled approximately \$398,000. This compares to approximately \$537,000 for fiscal 2008. A summary of the Center's net assets is presented below.

	<u>Net Assets</u>	
	<u>Year Ended June 30,</u> <u>2009</u>	<u>2008</u>
Current assets	\$ 457,526	\$ 623,005
Property and equipment, less accumulated depreciation	<u>29,951</u>	<u>25,880</u>
Total assets	<u>457,477</u>	<u>648,885</u>
Current liabilities	<u>59,454</u>	<u>111,495</u>
Net assets:		
Invested in capital assets	29,951	25,880
Unrestricted	<u>368,072</u>	<u>511,510</u>
Total net assets	<u>\$ 398,023</u>	<u>\$ 537,390</u>

The invested in capital assets (7%, e.g., buildings and equipment) are resources allocated to capital assets. The remaining net assets (93%) are the unrestricted net assets that can be used to meet the Center's obligations as they come due.

### Condensed Statement of Operations and Changes in Net Assets

Operating revenues are received for services provided juveniles who await court disposition. The Center provides a physically secure, emotionally stable and safe environment for these individuals until final court ruling. Operating expenses are expenses paid to operate the Center. Non-operating revenues are for interest income and miscellaneous reimbursements. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses, and changes in net assets for the years ended June 30, 2009 and 2008, is presented below:

	<u>Changes in Net Assets</u>	
	<u>Year Ended June 30,</u> <u>2009</u>	<u>2008</u>
<u>OPERATING REVENUES</u>		
Detention care fees	\$ 349,768	\$ 392,566
Tracking service fees	315,000	244,000
State allocation	102,965	156,795
State programs	8,337	11,881
Other operating revenues	<u>2,434</u>	<u>1,637</u>
Total operating revenues	<u>778,504</u>	<u>806,879</u>
<u>OPERATING EXPENSES</u>		
Salaries and benefits	773,143	690,029
Meals and food	21,229	23,758
Insurance	38,738	34,063
Travel	33,017	26,427
Other	<u>62,692</u>	<u>59,014</u>
Total operating expenses	<u>928,819</u>	<u>833,291</u>
Operating income (loss)	<u>(150,315)</u>	<u>(26,412)</u>

## FINANCIAL ANALYSIS OF THE CENTER - (Continued)

### Condensed Statement of Operations and Changes in Net Assets - (Continued)

	<u>Year Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
<u>NONOPERATING REVENUES</u>		
Interest on investments	\$ 10,448	\$ 15,697
Miscellaneous	<u>500</u>	<u>1,200</u>
Net non-operating revenues	<u>10,948</u>	<u>16,897</u>
Change in net assets	(139,367)	(9,515)
Net assets beginning of year	<u>537,390</u>	<u>546,905</u>
Net assets end of year	<u>\$ 398,023</u>	<u>\$ 537,390</u>

The Statement of Operations and Changes in Net Assets reflects a negative year with a decrease in the net assets at the end of the fiscal year.

In fiscal 2009, operating revenues decreased by \$28,375, or 3.5%, primarily as a result of changes in state policy regarding the decrease of detention utilization of minority youth and state wide detention reform.

Operating expenses, however, increased by \$95,528, or 11.5%. This increase was due mainly to annual budgeted salary increases and increases in the costs of insurance, both attributable to union contracts. Costs increased due to an addition of employees to expand into community service projects.

### Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing, non-capital financing, and investing activities. Cash used in operating activities includes County fees and the State allocation reduced by payments to employees and to suppliers. Cash used in capital and related financing activities includes the purchase of capital assets. Cash provided by non-capital financing activities includes note proceeds. Cash used in investing activities includes purchase of certificates of deposit and interest income.

### CAPITAL ASSETS

At June 30, 2009, the Center had approximately \$30,000 invested in capital assets, net of accumulated depreciation of approximately \$124,000. Depreciation charges totaled \$5,434 and \$5,342 for fiscal years 2009 and 2008, respectively. More detailed information about the Center's capital assets is presented in Note 5 to the financial statements.

### ECONOMIC FACTORS

Northwest Iowa Multicounty Regional Juvenile Detention Center's financial position deteriorated during the current fiscal year. The current condition of the economy in the state continues to be a concern for Center officials. Some of the realities that may potentially become challenges for the Center to meet are:

Facilities at the Center require constant maintenance and upkeep.

Technology continues to expand and current technology becomes outdated, presenting an on-going challenge to maintain up-to-date technology at a reasonable cost.

Insurance costs, and wages and salaries continue to rise while the per diem rate remains constant and bed days have lowered.

## ECONOMIC FACTORS - (Continued)

The Center anticipates the current fiscal year will continue to show a decrease in receipts collected due to a decrease in the number of juveniles immured within the Center. It is anticipated that the State reimbursement will decrease by 12% this year due to changes within the legislature. There will continue to be an increase in expenditures for the Center due to tracking and monitoring program disbursements that went into effect on July 1, 2005, with salaries and expenditures paid for tracking, monitoring, and outreach services for juveniles increasing yearly.

## CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If there are questions about this report or additional financial information is needed, contact Northwest Iowa Multicounty Regional Juvenile Detention Center, 1231 W. Cedar Loop, Suite #110, Cherokee, Iowa.



NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER

BALANCE SHEETS

JUNE 30, 2009 AND 2008

Exhibit A

	<u>2009</u>	<u>2008</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 47,532	\$ 28,711
Temporary cash investments	180,901	311,354
Due from other governments	177,414	258,119
Prepaid insurance	21,011	24,023
Accrued interest receivable	<u>668</u>	<u>798</u>
Total current assets	<u>427,526</u>	<u>623,005</u>
 <u>PROPERTY AND EQUIPMENT (Note 5):</u>		
Leasehold improvements	102,717	102,717
Equipment	<u>51,679</u>	<u>42,986</u>
	154,396	145,703
Accumulated amortization and depreciation	<u>(124,445)</u>	<u>(119,823)</u>
Net property and equipment	<u>29,951</u>	<u>25,880</u>
 Total assets	<u>\$ 457,477</u>	<u>\$ 648,885</u>
 <u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 10,475	\$ 9,363
Salaries and benefits payable	6,859	-
Payroll taxes payable	9,914	8,849
Compensated absences	32,206	28,283
Notes payable	<u>-</u>	<u>65,000</u>
Total current liabilities	<u>59,454</u>	<u>111,495</u>
 <u>NET ASSETS</u>		
Invested in capital assets	29,951	25,880
Unrestricted	<u>368,072</u>	<u>511,510</u>
Total net assets	<u>398,023</u>	<u>537,390</u>
 Total liabilities and net assets	<u>\$ 457,477</u>	<u>\$ 648,885</u>

See notes to financial statements.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER  
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

Exhibit B

	<u>2009</u>	<u>2008</u>
<u>OPERATING REVENUES</u>		
Charges for services	\$ 349,768	\$ 392,566
State allocation	102,965	156,795
State allocation - trackers	315,000	244,000
State programs	8,337	11,881
Other operating revenues	<u>2,434</u>	<u>1,637</u>
Total operating revenues	<u>778,504</u>	<u>806,879</u>
<u>OPERATING EXPENSES</u>		
Salaries	595,768	538,910
Payroll taxes	82,755	76,702
Unemployment insurance	452	1,599
Health insurance	94,168	72,818
Meals and food	21,229	23,758
Treatment and health supplies	2,299	3,368
Clothing	1,054	2,104
Travel	33,017	26,427
Training	859	1,178
Office supplies	11,248	8,643
Postage	1,377	1,754
Telephone and internet	12,366	12,400
Utilities	7,425	7,425
Insurance	38,738	34,063
Audit fees	3,660	3,500
Accounting services	7,554	8,720
Miscellaneous – gain contingency	3,926	1,635
Repairs and maintenance	4,586	2,945
Depreciation	5,434	5,342
Interest	904	-
Total operating expenses	<u>928,819</u>	<u>833,291</u>
Operating loss	<u>(150,315)</u>	<u>(26,412)</u>
<u>NONOPERATING REVENUES</u>		
Interest on investments	10,448	15,697
Miscellaneous – gain contingency	<u>500</u>	<u>1,200</u>
Net nonoperating revenues	<u>10,948</u>	<u>16,897</u>
Changes in net assets	(139,367)	(9,515)
Net assets beginning of year	<u>537,390</u>	<u>546,905</u>
Net assets end of year	<u>\$ 398,023</u>	<u>\$ 537,390</u>

See notes to financial statements.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

Exhibit C

	<u>2009</u>	<u>2008</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Cash received from members/others	\$ 406,032	\$ 417,924
Cash received from State	453,177	395,081
Cash payments to employees for services	(584,986)	(560,185)
Cash payments to suppliers for goods and services	<u>(322,428)</u>	<u>(282,593)</u>
Net cash used in operating activities	<u>(48,205)</u>	<u>(29,773)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>		
Acquisition of capital assets	<u>(9,505)</u>	<u>(4,472)</u>
Net cash used in capital and related financing activities	<u>(9,505)</u>	<u>(4,472)</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>		
Note proceeds	-	65,000
Repayment of note payable	(65,000)	-
Cash received from other sources	<u>500</u>	<u>1,200</u>
Net cash provided by (used in) noncapital financing activities	<u>(64,500)</u>	<u>66,200</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchase of investments	(70,000)	(200,000)
Proceeds from sale of investments	206,485	-
Interest on investments	<u>4,546</u>	<u>6,203</u>
Net cash provided by (used in) investing activities	<u>141,031</u>	<u>(193,797)</u>
<b><u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</u></b>	18,821	(161,842)
Cash and cash equivalents at beginning of year	<u>28,711</u>	<u>190,553</u>
<b><u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u></b>	<u>\$ 47,532</u>	<u>\$ 28,711</u>
<b><u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</u></b>		
Operating loss	\$ (150,315)	\$ (26,412)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	5,434	5,342
Changes in assets and liabilities:		
Decrease in due from other governments	80,705	6,126
Decrease in prepaid insurance	3,012	3,053
Increase in accounts payable	1,112	1,154
Increase (decrease) in salaries and benefits payable	6,859	(24,812)
Increase in payroll taxes payable	1,065	2,239
Increase in compensated absences	<u>3,923</u>	<u>3,537</u>
Total adjustments	<u>102,110</u>	<u>(3,361)</u>
Net cash used in operating activities	<u>\$ (48,205)</u>	<u>\$ (29,773)</u>

See notes to financial statements.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

1. Summary of Significant Accounting Policies

Northwest Iowa Multicounty Regional Juvenile Detention Center (d/b/a Northwest Iowa Youth Emergency Services Center) was formed in 1989 by eleven northwest Iowa member counties pursuant to the provisions of Chapter 28E of the Code of Iowa. Three additional counties subsequently joined the organization. The Center provides detention and shelter care of juveniles.

Northwest Iowa Multicounty Regional Juvenile Detention Center is governed by a Board comprised of one representative from each of the following member counties: Cherokee, Plymouth, Ida, Buena Vista, Carroll, O'Brien, Sioux, Lyon, Pocahontas, Sac, Dickinson, Clay, Emmet, and Crawford.

The Center's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Northwest Iowa Multicounty Regional Juvenile Detention Center has included all funds, organizations, agencies, boards, commissions, and authorities. The Center has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Center are such that exclusion would cause the Center's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Center to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the Center. Northwest Iowa Multicounty Regional Juvenile Detention Center has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of Northwest Iowa Multicounty Regional Juvenile Detention Center are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Center distinguishes operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Center's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

1. Summary of Significant Accounting Policies - (Continued)

D. Assets and Liabilities

The following accounting policies are followed in preparing the balance sheets:

Cash, Investments, and Cash Equivalents - The Center considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2009 and 2008, include certificates of deposit valued at \$180,901, and \$311,354, respectively.

Capital Assets - Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over fifteen years and equipment is depreciated over a five to ten year life.

The cost of repairs and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Compensated Absences - Center employees accumulate a limited amount of earned but unused vacation and compensatory time off hours for subsequent use or for payment upon termination, death, or retirement. The Center's liability for accumulated vacation has been computed based on rates of pay in effect at June 30, 2009 and 2008.

2. Cash and Investments

The Center's deposits in banks at June 30, 2009 and 2008, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Center is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Center; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Center had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement Number 3, as amended by Statement No. 40.

Interest rate risk - The Center's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Center.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008

3. Notes Payable

Activity in the loan for the year ended June 30, 2009, is summarized below:

	Balance Beginning of Year	Issued	Paid	Balance End of Year	Interest Paid
Iowa State Bank Loan	\$ 65,000	\$ -	\$ 65,000	\$ -	\$ 904

The Center entered into a short-term operating loan agreement in May 2008 to help fund operations. The loan matured December 12, 2008 and beared interest at 6.5%.

4. Pension and Retirement Benefits

The Center contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the Center is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by state statute. The Center's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007, were \$36,951, \$33,782, and \$30,373, respectively, equal to the required contributions for each year.

5. Capital Assets

A summary of capital assets and accumulated depreciation for the years ended June 30, 2009 and 2008, is as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Leasehold improvements	\$ 102,717	\$ -	\$ -	\$102,717
Equipment	42,986	9,505	812	51,679
	145,703	\$ 9,505	\$ 812	154,396
Less amortization and depreciation	119,823	\$ 5,434	\$ 812	124,445
Total	\$ 25,880			\$ 29,951

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER  
NOTES TO FINACIAL STATEMENTS  
JUNE 30, 2009 AND 2008

6. Operating Lease

The Center leases a copy machine. Rental expense incurred for this lease was \$1,142 for the year ended June 30, 2009. Minimum amounts payable under this operating lease are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2010	\$1,142
2011	1,142
2012	1,142
2013	95

7. Rent Obligations

The Center occupies a portion of a building leased from the Iowa Department of Human Services in Cherokee, Iowa. The lease cost is \$1 per year plus a portion of the utilities and telephone. The terms are subject to renegotiation annually.

8. Related Party Transactions

Total charges for services during the years ended June 30, 2009 and 2008, were \$349,768 and \$392,566, respectively. The member counties were billed \$150 per diem for juvenile detention services provided. Non-member counties were billed \$175 per diem for juvenile detention services provided.

9. Risk Management

The Center is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Center assumes liability for any deductibles and claims in excess of coverage limitations.

10. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

11. Gain Contingency

A former director of the Center was directed to make restitution, however, because no estimate can be made of the amount that will actually be received, the Center will not recognize any amount in the financial statements until it is received.

HUNZELMAN, PUTZIER & CO., PLC  
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Governmental Auditing Standards

To the Members of Northwest Iowa  
Multicounty Regional Juvenile Detention Center:

We have audited the accompanying financial statements of Northwest Iowa Multicounty Regional Juvenile Detention Center (the Center) as of and for the year ended June 30, 2009, and have issued our report thereon dated March 5, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Center's financial statements that is more than inconsequential will not be prevented or detected by the Center's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Center's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items (A) and (B) are material weaknesses.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain instances of non-compliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Center's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Center. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The Center's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Center's responses, we did not audit the Center's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the members and customers of the Center and other parties to whom the Center may report. This report is not intended to be and should not be used by anyone other than these specified parties.

March 5, 2010

*Hungelman, Putzier & Co.*

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2009

Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

- A. Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The mail should be opened by someone who does not have access to the accounting records. A list of all checks received should be prepared and this list should then be agreed to amounts posted to the accounting records.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the Center should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The Center does concede that segregation of duties is difficult with the limited number of employees and qualified staff to segregate duties. The Center continues to review its policies and procedures in regards to segregation of duties. We continue to assess this situation and look for ways to improve the segregation of duties within the facility.

Conclusion - Response accepted.

- B. Financial Reporting - We noted that while management is capable of preparing accurate financial statements that provide information sufficient for board members to make management decisions, reporting financial data reliably in accordance with U.S. generally accepted accounting principles (GAAP) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Recommendation - Obtaining additional GAAP knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare and take responsibility for reliable GAAP financial statements.

Response - The Center management continues to strive to employ a bookkeeper qualified to complete the year end reports and financial statements.

Conclusion - Response accepted.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2009

Other Findings Related to Statutory Reporting:

1. Questionable Expenses - No expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
2. Travel Expense - No expenditures for travel expenses of spouses of Center officials or employees were noted.
3. Bond Coverage - Employees were covered by a surety bond during the year ended June 30, 2009.
4. Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, the minutes are not being published in a timely manner and do not include a schedule of bills allowed. Also, gross annual salaries are not being published.

Recommendation - The Center should publish the minutes in a timely manner, including a schedule of bills allowed, and annual gross salaries as required by Chapter 28E.6 of the Code of Iowa.

Response - Although the Center does publish the Board meeting minutes, the Center has not published these minutes immediately following each board meeting, but rather waits until the following meeting for formal approval of the minutes. The Center has published the yearly salaries for the year ended 2009, in February 2010.

Conclusion - Response accepted.

5. Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Center's investment policy were identified.
6. Business Transactions - No business transactions between the Center and Center officials or employees were noted.